

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1644 - SB 1845

March 11, 2011

SUMMARY OF BILL: Prohibits transfer fee covenants as of the effective date of the Act. Defines “transfer fee covenant” as a document provision that purports to run with the land or bind current owners or successors in title to specified real property, and that obligates a transferee or transferor of all or part of the property to pay a fee or charge to a third person upon transfer of an interest in all or part of the property, or in consideration for permitting any such transfer. Defines “transfer” as the sale, gift, grant, conveyance, assignment, inheritance, or other transfer of an interest in real property. Excludes provisions in real estate purchase contracts, options, mortgages, security agreements, listing agreements, or other agreements in which the parties agree to a one-time fee that once paid does not bind successors in title; provisions in real estate documents recorded to provide notice of such a fee obligation; provisions establishing association fees used exclusively for the purposes authorized in the document; and provisions requiring payment of a fee to a 501(c)(3) or 501(c)(4) organization to be used for one of the acceptable designated purposes. Defines “association” and “transfer fee.”

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed Prohibition of Covenants Providing for Transfer Fees Act governs transactions between private parties and applies to transfer fee covenants recorded after the effective date of the Act.
- There will not be an increase in the number of real property transfer fee disputes instituted in state or local courts.
- Fees owed to state or local governments resulting from real property transactions will not be affected.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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